

Economic Strategy and Spatial Planning,
Stockton-on-Tees Borough Council,
Municipal Buildings,
Church Road,
Stockton-on-Tees,
TS18 1LD
Email: spatialplans@stockton.gov.uk

20/01/2017

Dear Sir / Madam

Stockton on Tees Draft Local Plan

1. Thank you for consulting with the Home Builders Federation (HBF) on the Stockton on Tees Draft Local Plan.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. The industry is keen to work with the Council to ensure a sound plan is produced which facilitates an increase in the rate of house building across the plan area. Within this regard we would also welcome further engagement with the industry throughout the production of the plan.
4. We would like to submit the following comments and responses to selected questions posed within the consultation document.

Duty to Co-operate

5. The Council is required to ensure that it has discharged its requirements in relation to the duty to co-operate prior to submission. Compliance with the duty is an iterative process and requires more than meetings. The Council must demonstrate what actions have been taken and the outcome of these actions (PPG ID 9-010 and 9-011).
6. The consultation document provides brief reference to the duty in paragraphs 1.8 to 1.10. These paragraphs make relate to discussions and meetings as well as the

broad topics which were discussed. It is, however, unclear what is being discussed and what, if any, actions are being considered. To ensure that the Council provides this evidence in a clear and transparent manner it is suggested that a separate evidence base document be provided. This should outline the meetings and discussions that have taken place, the actions and outcomes as well any agreements between the Council and other organisations. This document should, ideally, be produced at the next stage of consultation to allow comment prior to submission of the plan.

7. The key concerns of the HBF relate to housing need and delivery. It is notable that whilst it is argued that Stockton-on-Tees is, for reasons of pragmatism, considered a local Housing Market Area¹ (HMA) there are close inter-relationships with neighbouring authorities. Given this context it is encouraging to note that housing need and delivery is included within the broad duty to co-operate topics at paragraph 1.9 of the draft plan. The HBF would anticipate specific detail in relation to these matters within any future duty to co-operate documentation. Further discussion upon this issue is included within our response to questions 5 and 6 below.

Stockton on Tees Borough Vision & Objectives

Question 1: How far do you agree/disagree with the Local Plan vision? / Question 3: How far do you agree/disagree with the Local Plan objectives?

8. The vision for the plan area in 2032, set out in paragraph 3.1, is broadly welcomed, particularly the references to economic growth and housing delivery. Likewise the objectives are also considered appropriate, particularly objectives 1 and 4.
9. It is, however, considered that the vision places undue emphasis upon;

“...prioritising new housing development upon previously developed land...”

10. Whilst the HBF agrees that previously developed land should form part of the housing land supply portfolio, presuming it is deliverable, this should not be prioritised over other types of land. To ensure that the plan successfully meets the identified housing needs over the plan period a wide range of sites will be required, both previously developed and greenfield. This is particularly important in an area such as Stockton-on-Tees where economic viability is a significant issue.

¹ Stockton-on-Tees Strategic Housing Market Assessment (2016) (paragraph 2.42)

11. Furthermore it should be noted that the NPPF no longer prioritises the re-use of previously developed land, rather it encourages its re-use (paragraphs 17 and 111). This was a specific and deliberate change from the previous Planning Policy Statement 3 in order to boost housing land supply.

Question 2: Do you have any suggestions regarding the wording of the Local Plan Vision?

12. It is recommended that paragraph 3 of the vision be amended to read;

“Sustainable communities have been created through ~~prioritising~~ new housing development ~~on areas of previously developed land~~ within the conurbation and at a sustainable urban extension.....”

Policy SD2: Strategic Development Needs

13. The principal concern of the HBF is the identification of housing growth and delivery. Our comments therefore focus upon the housing issues raised within this policy. The draft policy identifies an objectively assessed need (OAN) of 11,061 dwellings over the period 2014 to 2032.

Question 5: How far do you agree/disagree with using the OAN as the starting point for considering the housing requirement for the Borough?

14. The NPPF is clear that local authorities should seek to identify and meet the OAN for market and affordable housing within the Housing Market Area (HMA). It is therefore imperative that the Council use the OAN as its starting point for considering the housing requirement of the Borough. To do otherwise would be a serious failing and would ultimately lead to the plan being found unsound at examination.

15. The OAN is principally derived from 2016 *Strategic Housing Market Assessment* (SHMA). It is noted that the SHMA utilises the CLG 2012 based household projections as its starting point but regard has also been given to the more up to date 2014 based projections². This is considered appropriate and in conformity with the PPG.

² Paragraph 3.9 SHMA (2016)

16. The SHMA also considers demographic adjustments to migration and household representation rates, adjustments for market signals and employment trends. Whilst these considerations are all consistent with the PPG we do have a number of concerns with the conclusions and assumptions made, which in our opinion leads to a suppression of the OAN figure.

Demographic adjustments

17. The HBF agrees that in the case of Stockton-on-Tees it is appropriate to utilise long-term migration trends. The HBF is, however, concerned that no adjustment has been made in respect of household representative rates (HRRs). The HRRs within the 2012 and 2014 based household projections are reliant upon recent trends from the last 10 years rather than those experienced over the longer term. The implication of this bias is that the latest projections continue to be affected by suppressed trends in HRRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households (25 to 44). There is also evidence to show that HRRs for these groups are likely to recover as the economy improves (see Town & Country Planning Tomorrow Series Paper 16, *“New estimates of housing demand and need in England, 2001 to 2031”* by Alan Holmans).

18. The HBF notes that this group were particularly hard-hit by the recession and as such the HRRs are likely to have been significantly depressed. Indeed by 2014 the proportion of 25 to 34 year olds who were home-owners had dropped to 35%, from 59% a decade earlier. The HBF considers it would be prudent to consider an uplift in HRRs amongst this group, to reverse this negative trend. It is also notable that the Government is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as *‘Help to Buy’* and *‘Starter Homes’*. Help to Buy is already having an impact with 81% of purchasers using the product being first time buyers. The PPG notes that the household projections do not take account of such policy interventions by Government (PPG ID 2a-015).

19. An increase in HRRs for the 25 to 44 age group is supported not only by the NPPF requirements to boost housing supply but also the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government³.

³ Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

Market Signals

20. The SHMA considers each of the various market signals identified within the PPG. This is a fundamental element of determining the objectively assessed need for housing (PPG ID 2a-019) and a worsening trend in any of these indicators will require upward adjustment to planned housing numbers (PPG ID 2a-020).
21. The HBF recognises that Stockton-on-Tees performs 'better' than the national average on all of the signals identified. However, given that the country is in the grips of a housing crisis this should not on its own lead to a conclusion that no market signals uplift is required. In response to market signals the SHMA identifies an uplift of just 273 dwellings over the plan period to account for concealed families but suggests no further uplift is required⁴. This equates to an uplift of less than 3%. This small uplift is despite Stockton-on-Tees performing 'worse' across all but one signal when compared to the comparator areas and a poor housing delivery record. The HBF consider that a larger adjustment is required.

Employment Trends

22. The PPG (ID 2a-019) indicates that;

"...Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."

23. The SHMA⁵ identifies that the Stockton-on-Tees Employment Land Supply Study forecast a jobs growth for the area which is 2,100 more than this SHMA projects will be the growth in the equivalent labour force of Stockton-on-Tees. Despite the guidance within the PPG no adjustment is made to the housing need calculation. The SHMA suggests that the difference in labour force will be made up by additional in-commuters from other districts⁶.

⁴ Paragraphs 5.39 and 5.40

⁵ Paragraph 5.52

⁶ Paragraph 5.46

24. Confusingly and despite suggesting Stockton-on-Tees is its own HMA, earlier in the SHMA, on the issue of commuting the HMA boundary appears to be widened to include other authorities. This is inconsistent and raises issues of soundness. If indeed the HMA boundary does incorporate other authorities a SHMA and OAN for the whole HMA should be undertaken to ensure the study is compliant with the NPPF. It is not sound to simply assume needs will be met outside of the HMA without specific agreements and actions by the neighbouring authorities.

Affordable Housing Need

25. The SHMA indicates⁷ that the proposed OAN would be unlikely to meet the full need for affordable housing, which equates to nearly 40% of the requirement. Due to issues of viability Policy H4 of the Draft Plan is seeking to deliver 20% affordable housing from qualifying sites. Despite the references to other methods of delivery of the affordable housing need it is unlikely that the need will be met with the currently proposed housing requirement.

26. In such cases the PPG advises that an increase in the total housing included in a plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029). Other Local Plans have included significant uplifts to meet affordable housing needs for example in Canterbury there is an uplift of 30% (paragraphs 20, 25 & 26 Canterbury Local Plan Inspectors Note on main outcomes of Stage 1 Hearings dated 7 August 2015) and in Bath & North East Somerset there is an increase of 44% (paragraphs 77 & 78 BANES Core Strategy Final report 24 June 2014). It is considered that an uplift is required in Stockton-on-Tees to deal with the need for affordable housing.

Question 6: The Council will work with adjoining Local Authorities to translate the OAN into a housing requirement. What are your views on the approach that we should take?

27. As discussed further clarity and justification is required in relation to the commuting assumptions within the SHMA. These assumptions will require agreement and action from neighbouring authorities.

28. The ambitions of Tees Valley Local Enterprise Partnership (LEP), although aspirational, are considered to be in line with national policy particularly the Northern Powerhouse. To ensure these ambitions are translated into reality will require the LEP authorities to actively plan for the additional jobs and homes generated. The

⁷ Paragraph 5.55

distribution of these additional homes and jobs will need to be discussed and agreed between the LEP authorities.

29. This is likely to raise the housing requirement within Stockton-on-Tees.

Question 7: Once the OAN has been translated into a housing requirement. What are your views on how should this be phased over the plan period?

30. The plan has under-delivered in its early years (2014 to 2017). This under-delivery should be made good within the first five years, in consistency with the PPG (ID 3-035). Therefore even if a flat requirement is chosen delivery will need to be boosted within the early years of the plan. The HBF would **not** support the back-loading of the housing requirement into the later years of the plan period.

Question 8: Do you have any other comments on the OAN and how it should be translated into a housing requirement?

31. I refer to our response to questions 5 and 6 above.

Policy SD3: Housing Strategy

Question 11: SD3 details the approach to housing distribution to meet the strategic housing needs of the Borough to 2032. How far do you agree with policy SD3?

32. The policy sets out a general strategy it is, however, light on detail. It is therefore difficult to interpret whether certain elements of the policy may create concerns for the industry. I also refer the Council to our response to question 16 below which also applies to this policy.

33. The HBF does not wish to comment upon the merits or otherwise of the distribution or individual sites. However any site included in the Council's housing trajectory should conform with the deliverability criteria set out in Footnote 11 of the NPPF (para 47).

Question 12: Do you support housing in the rural area?

34. Yes, this is considered necessary to meet local needs and ensure communities retain their vitality.

Question 13: How do you think the Council should approach housing in the rural area?

35. To ensure certainty for developers and residents alike, as well as providing for any future identified affordable housing needs within such areas it is suggested that a combination of options a (Identification of further allocations forming extensions

to existing Villages) and c (Adopting a policy approach which supports rural exception sites where need for affordable housing is identified incorporating market housing where necessary to deliver affordable housing is provided) be used.

36. Option b is discounted due to the low amount of affordable housing such a policy is likely to provide due to viability implications.

Question 16. Do you have any further comments regarding this policy?

37. Part b of the policy seeks to prioritise previously developed land. In common with our response to question 1 above it is recommended this element of the policy be re-drafted to read;

“Prioritising new development, ~~particularly on previously developed sites~~, within the conurbation as defined...”

Policy H1: Housing Commitment and Allocations

38. The HBF does not wish to comment upon the merits or otherwise of individual sites. However any site included in the Council’s housing trajectory should conform with the deliverability criteria set out in Footnote 11 of the NPPF (para 47).
39. The Council’s assumptions on lead-in times and delivery rates of sites set out in the housing trajectory should be realistic based on evidence supported by the parties responsible for housing delivery and sense checked by the Council based on local knowledge and historical empirical data.
40. It is also imperative that the Council provides sufficient headroom in the supply to deal with changing circumstances. The HBF recommends as large a contingency as possible preferably at least 20% especially given that the housing requirement is a minimum not a maximum figure. The LPEG report also recommends that *“the NPPF makes clear that local plans should be required not only to demonstrate a five year land supply but also focus on ensuring a more effective supply of developable land for the medium to long term (over the whole plan period), plus make provision for, and provide a mechanism for the release of, developable Reserve Sites equivalent to 20% of their housing requirement, as far as is consistent with the policies set out in the NPPF”*⁸.

⁸ Paragraph 11.4 LPEG report

Policy H2: West Stockton Strategic Urban Extension / Policy H3: Wynyard Sustainable Settlement

41. I refer to our response to Policy H1 above.

Policy H4: Meeting Housing Needs

42. Part 1 of the policy seeks to place significant weight to the most up-to-date evidence, including housing need and local housing market conditions, when determining applications, yet part 3 appears to indicate rigid affordable housing mix requirements based upon current evidence, this is contradictory. The HBF recommends flexibility is in-built into all of the policy requirements.

43. Part 3 of the policy identifies that 20% of homes should be affordable over the 10 unit threshold. This requirement is based upon the 2016 *Affordable Housing Viability Study*. The study indicates significant viability constraints across Stockton-on-Tees and it is notable that a 20% affordable housing contribution is only viable in the highest value areas with a specific mix of dwellings. It is therefore extremely questionable whether a 20% requirement is justified. This situation will be significantly exacerbated by other elements of this policy, notably part 7.

44. The Affordable Housing study identifies that;

"...Recent housing delivery has not met this target and our assessment shows that it will not do so in the majority of cases at current costs and values, although 10% may be achievable at the lower densities..."

45. Indeed even in recommending the 20% the study clearly indicates that many sites will not be able to achieve this level of provision. The justification for a blanket 20% across the whole of the plan area is therefore considered suspect, particularly when the implications of other policy burdens have not been taken into account. It is recommended that the Council either provide a lower affordable housing requirement or have a variable requirement based upon evidence. The evidence should include all potential costs associated with the emerging plan.

46. Part 7 of the policy requires 60% of all new housing to meet Building Regulation M4(2) and 7% of affordable and 8% of market housing to meet M4(3) the justification for these requirements is questioned. The PPG (ID 56-07) identifies the type of evidence required to introduce such a policy. Unfortunately the current evidence

base is severely lacking on the majority of these elements. This lack of evidence does question how the percentages identified in the policy were derived.

47. In terms of viability the 2016 *Affordable Housing Viability Study* identifies significant difficulties in achieving a 20% affordable housing contribution. Given the significant additional costs associated with this policy it is unlikely that the policy can be justified.

48. The HBF is supportive of providing homes for older and disabled persons. We also do not dispute the evidence provided within the Strategic Housing Market Assessment (SHMA) in relation to the likely future needs of older and disabled people. It is, however, considered that the policy lacks finesse by requiring blanket requirements with no regard to the type or location of the housing being provided. This is a key element of the evidence base identified within the PPG (ID 56-07). The policy as currently drafted would apply equally to retirement homes near urban centres, apartments within the urban area, family housing and executive housing in suburban or rural locations. This blanket requirement does not take account of the needs or requirements of these various groups or the desirability of older and disabled persons to be situated closer to services and facilities.

49. Part 8b of the policy seeks to support and encourage self-build and custom build housing including potential incorporation on larger sites. This is considered a justified and appropriate approach in Stockton on Tees. Whilst the HBF does not object to this wording it should be made clear within the supporting text that this is not a mandatory requirement as it would provide significant uncertainty for the development industry.

50. Parts 12 and 13 of the policy require identified allocations to provide a specific mix of house types. Whilst the HBF does not wish to comment upon individual allocations the mix of house types should be agreed with the relevant developer at the time of application rather than placed in policy. This will ensure that the plan can deal with changing circumstances.

Question 37. How far do you agree/disagree with policies H1 to H5?

51. See our responses to the individual policies above.

Question 38. Do you have any further comments regarding these policies?

52. See our responses to the individual policies above.

Policy ENV 1: Energy Efficiency

53. Part 1 of the policy seeks to encourage all developments to meet the highest possible standards of energy efficiency. The Council will be aware that the Housing Standards Review and ministerial statement dated 25th March 2015 clearly identify that, in relation to housing, energy efficiency measures will be solely dealt with through the Building Regulations.

54. Part 3 requires an energy statement from qualifying developments. Given that energy efficiency is now solely the remit of the Building Regulations the justification for such a statement is questioned.

Question 43. How far do you agree/disagree with policies ENV1 to ENV7 and HE1 to HE3?

55. I refer to our comments upon Policy ENV1 above.

Information

56. The HBF would be happy to discuss any of the comments made within this response with the Council prior to the next stage of consultation. I would also be pleased to be kept informed of the progress of the plan and any future opportunities to comment or be involved in the preparation of the plan or other planning documents.

Yours sincerely,

MJ Good

Matthew Good
Planning Manager – Local Plans
Email: matthew.good@hbf.co.uk
Tel: 07972774229